

Message Text

PAGE 01 STATE 110069

51

ORIGIN AF-03

INFO OCT-01 ISO-00 /004 R

66604

DRAFTED BY AF/EPS:RBDUNCAN:JG

APPROVED BY AF/EPS:RBDUNCAN

----- 125739

R 122004Z MAY 75

FM SECSTATE WASHDC

TO ALL AFRICAN DIPLOMATIC POSTS

XMT AMEMBASSY ABIDJAN

AMEMBASSY DAKAR

LIMITED OFFICIAL USE STATE 110069

FOLLOWING SENT ACTION SECSTATE WASHDC INFO ABIDJAN FROM
DAKAR 10 MAY 75:

QUOTE LIMITED OFFICIAL USE DAKAR 2707

E.O. 11652: N/A

TAGS: EFIN, AFDB

SUBJ: ELEVENTH ANNUAL MEETING OF AFDB AND SECOND
ANNUAL MEETING OF AFDF - FINAL REPORT

REF: DAKAR 2673

1. SUMMARY. ELEVENTH ANNUAL MEETING OF AFDB AND SECOND
ANNUAL MEETING OF AFDF TOOK PLACE IN DAKAR, MAY 5-9.
MEETINGS WERE GENERALLY PRO FORMA AND WENT SMOOTHLY, EXCEPT
FOR ELECTION OF PRESIDENT. DIFFERENCES BETWEEN ARAB AND
BLACK AFRICANS EMERGED DURING RATHER HEATED CONTEST BETWEEN
LIBYAN AND GHANAIA CANDIDATES. ABSTENTION OF NIGERIA AND
FAILURE OF EITHER CANDIDATE TO ACHIEVE REQUISITE ABSOLUTE
MAJORITY RESULTED IN EXTENSION OF PRESIDENT LABIDI'S TERM FOR
ONE YEAR UNTIL SEPTEMBER, 1976. NEXT ANNUAL MEETING WILL BE IN
KINSHASA IN MAY 1976. BANK/FUND MANAGEMENT REPORTED SUCCESSES
IN 1974 IN MEETING LOAN TARGETS BUT NOTED CONTINUING CHALLENGE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 STATE 110069

OF MOBILIZING RESOURCES FOR FUTURE LENDING PROGRAMS. END
SUMMARY.

2. MEMBERSHIP. GUINEA BISSAU AND EQUATORIAL GUINEA JOINED

AFDB, EFFECTIVE MAY 5 AND JUNE 30 RESPECTIVELY. EACH SUBSCRIBED ONE HUNDRED SHARES OF CAPITAL STOCK. DURING ANNUAL MEETING ITALY JOINED AFDG WITH SUBSCRIPTION OF UA 10 MILLION. BOTH ARGENTINA AND SAUDI ARABIA WERE ACCEPTED AS MEMBERS ON CONDITION THEY FIRST PAID IN THEIR SUBSCRIPTION OF UA 2 MILLION AND UA 9 MILLION RESPECTIVELY.

3. MOBILIZATION OF RESOURCES. AT TENTH ANNUAL MEETING OF BANK IN RABAT, BANK'S CAPITAL STOCK WAS INCREASED TO UA 400 MILLION. TO DATE, 28 OUT OF 39 MEMBERS HAVE CONTRIBUTED OVER UA 120 MILLION. BANK ALSO NEGOTIATED LOANS WITH AUSTRIA AND SWEDEN IN 1974. AUSTRIAN LOAN WAS FOR UA 1.5 MILLION, AT 3 0/0 FOR 21 YEARS PLUS 3 YEAR GRACE PERIOD. SWEDISH LOAN FOR UA 4.5 MILLION WAS ON CONCESSIONARY IDA-LIKE TERMS. ALTHOUGH AFDB DELEGATIONS VISITED MIDDLE EAST AND LATIN AMERICAN COUNTRIES DURING YEAR TO EXPLORE POSSIBILITIES OF COOPERATION, NO CONCRETE RESULTS WERE ANNOUNCED. BANK INTENDS TO ISSUE TWO-YEAR BONDS IN AMOUNT OF 20 MILLION DOLLARS IN JULY 1975 FOR PLACEMENT IN MEMBER COUNTRIES' MARKETS. EFFORTS TO ADD TO FUND'S RESOURCES BY INCREASE IN INITIAL SUBSCRIPTIONS AND ACCESSION OF NEW MEMBERS RESULTED IN INCREASE IN SUBSCRIPTIONS FROM UA 81 MILLION TO UA 132 MILLION. CANADA INCREASED ITS SUBSCRIPTION FROM UA 15 MILLION TO UA 22.5 MILLION, MAKING IT LARGEST SINGLE CONTRIBUTOR. GERMANY DOUBLED SUBSCRIPTION BRINGING TOTAL TO UA 15 MILLION. JAPANESE SUBSCRIPTION REMAINS AT UA 15 MILLION. UK SUBSCRIPTION INCREASED BY UA 2.4 MILLION TO UA 9.0 MILLION.

4. OPERATIONAL PROGRAM. BANK PROGRAM FOR 1974 AND 1975 ENVISAGES TOTAL VOLUME OF LOAN COMMITMENTS OF UA 150 MILLION. TARGET OF UA 70 MILLION FOR 1974 WAS ACHIEVED WITH UA 73.5 MILLION COMMITTED FOR 25 PROJECTS IN 20 COUNTRIES. BANK NOW NEEDS TO RAISE ABOUT UA 50 MILLION IN ADDITION TO AVAILABLE INTERNAL RESOURCES TO MEET PROJECTED COMMITMENTS OF UA 80 MILLION FOR 1975 PROGRAM. BANK IS SEEKING LOANS FROM AFDB MEMBERS AND INDUSTRIALIZED COUNTRIES TO MEET REQUIREMENTS. FUND LENDING TARGETS FOR 1974 MET WITH UA LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 STATE 110069

42 MILLION COMMITTED FOR 17 PROJECTS BY YEAR END 1974. OPERATIONAL PROGRAM OF FUND DURING INITIAL PERIOD (1973-76) REQUIRES UA 170 MILLION. WITH ONLY UA 132 MILLION NOW AVAILABLE, A SHORTFALL IS EXPECTED. THEREFORE, FUND HAS DECIDED TO BEGIN FIRST REPLENISHMENT PERIOD ON JANUARY 1, 1976 INSTEAD OF JULY 1, 1976. RESOURCE REQUIREMENTS FOR SECOND PERIOD (1976-1978) ARE ESTIMATED AT UA 350 MILLION.

5. RECOVERY OF ARREARS. AT END OF APRIL 1975 TOTAL ARREARS AMOUNTED TO UA 16.2 MILLION COMPARED TO UA 19.8 MILLION FOR SAME PERIOD LAST YEAR. AGREEMENTS HAVE BEEN NEGOTIATED WITH

THREE OUT OF FIVE COUNTRIES IN ARREARS, INCLUDING EGYPT
WHICH ACCOUNTS FOR UA 14 MILLION.

6. ARAB ASSISTANCE. IN KEY ADDRESS PRESIDENT OF BANK AND
FUND LABIDI STRESSED IMPORTANCE OF ARAB-AFRICAN COOPERATION,
NOTING ADVANTAGES OF COMBINING AFDB EXPERIENCE IN
DEVELOPMENT ASSISTANCE WITH ARAB RESOURCES TO PROMOTE
PROGRESS IN AFRICA. IN SPITE OF BANK'S CONTINUAL EFFORTS AND
LABIDI'S PERSONAL INTERVENTION, ARAB OIL MONEY HAS NOT
BEEN FORTHCOMING. ONLY 20 MILLION DOLLARS OF 200 MILLION
DOLLAR SPECIAL FUND TO ASSIST OAU MEMBER STATES AFFECTED
BY INCREASE IN OIL PRICE HAS BEEN TURNED OVER TO BANK
TO ADMINISTER. IN VIEW OF OBVIOUS PREFERENCE OF ARABS TO
CONTROL THEIR OWN AID PROGRAMS, POLITICAL FLAVOR OF STATEMENT
BY ASSISTANT SECRETARY GENERAL OF OAU WAS INTERESTING. HE
REQUESTED AFDB/AFDF COOPERATION TO PROMOTE "AFRO-ARAB
BROTHERHOOD" IN FORTHCOMING SPECIAL SESSION OF UN GENERAL
ASSEMBLY ON DEVELOPMENT AND INTERNATIONAL ECONOMIC
COOPERATION. ANOTHER ASPECT OF ROLE OF OIL MONEY IN AFRICAN
DEVELOPMENT WAS POSITION OF NIGERIA AT MEETING. NIGERIAN
DELEGATION PLAYED KEY ROLE IN ELECTION OF BANK PRESIDENT,
DUE TO INCREASED VOTING STRENGTH RESULTING FROM ITS GROWING
FINANCIAL POWER. DURING MEETING NIGERIA ANNOUNCED
DECISION TO PURCHASE 25 PERCENT OF FORTHCOMING 20 MILLION
DOLLAR SHORT-TERM BOND ISSUE BY AFDB AND HINTED AT
POSSIBILITY OF CHANNELING ITS AFRICAN AID THROUGH AFDB.

7. ELECTION OF PRESIDENT.

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 STATE 110069

A. WHEN CONFERENCE OPENED THERE WERE SIX NOMINEES, ALL OF WHOM
HAD BEEN NOMINATED PRIOR TO LATE MARCH CUT-OFF DATE: BURUNDI,
GHANA, MOROCCO, MALI, LIBYA, AND NIGERIA. ALREADY THERE WERE
INDICATIONS THAT COMPETITION MIGHT NARROW DOWN TO ONE ARAB
AND ONE BLACK AFRICAN AND ACCORDING TO SOME POST-MORTEMS,
POSSIBILITY OF DEADLOCK HAD ALREADY BEEN FORESEEN WITH
NECESSITY TO EXTEND PRESIDENT LABIDI'S TERM BEYOND DECLARED
AUGUST 1975 TERMINATION OF MANDATE.

B. MUCH BEHIND-SCENES NEGOTIATING WAS ALREADY EVIDENT
IN FIRST TWO DAYS, SO THAT MANY AGENDA ITEMS WERE ACTED
UPON WITHOUT DEBATE TO GET THEM OUT OF WAY. WHEN ELECTION
ITEM CAME UP MORNING MAY 7, MOROCCO, BURUNDI AND NIGERIA
WITHDREW THEIR CANDIDATES. ONLY MOROCCO DECLARED
SUPPORT FOR ANOTHER CANDIDATE: LIBYA.

C. BALLOT PREPARATION HAD BEGUN FOR REMAINING THREE WHEN
GHANA AND MALI, SUPPORTED BY MANY BLACK AFRICANS, REQUESTED
POSTPONEMENT FOR PURPOSE CONSULTATION AND CONSOLIDATION
BLACK AFRICAN VOTE. ARABS AND NIGERIA OPPOSED DELAY, BUT

CHAIRMAN RULED FOR DELAY TO LATE AFTERNOON.

D. WHEN SESSION RECONVENED, MALI WITHDREW CANDIDATE IN FAVOR OF GHANIAN, K. D. FORDWAR OF MIN FINANCE. IN BALLOTING, OPEN WITH WEIGHTED VOTING, LIBYAN CANDIDATE DREW 45.10 0/0 AND GHANAIAN 43.98 0/0. NIGERIA, WITH 8 0/0 OF VOTES, ENOUGH TO GIVE MAJORITY TO EITHER CANDIDATE, ABSTAINED, AND CHAD AND GUINEA DID NOT ATTEND CONFERENCE, SO NEITHER CANDIDATE HAD REQUIRED "MAJORITY OF GOVERNORS PRESENT."

E. MEETING QUICKLY ADJOURNED AND RECONVENED AFTER DINNER. BEFORE VOTE COULD BE TAKEN AGAIN, ZAMBIA (WHICH HAD SUPPORTED GHANA) PROPOSED THAT ELECTION BE DEFERRED TO NEXT YEAR AND LABIDI RETAINED AS PRESIDENT. GHANA AND OTHERS SAID VOTE AGAIN.

F. SECOND BALLOT LED TO EXACT SAME RESULT AS FIRST. AT THAT POINT PRESSURE GREW FOR ZAMBIAN PROPOSAL, SO CHAIR CONSULTED LABIDI AND WISHES OF CONFERENCE WERE ASCERTAINED. THERE WAS SOME DISCUSSION OF OTHER FORMULAS, INCLUDING DESIGNATION OF ONE OF VICE PRESIDENTS (OF WHOM LIBYAN AND MALIAN CANDIDATES ARE TWO), BUT SMOOTHEST WAY LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 05 STATE 110069

OUT OF IMPASSE WAS CONCEDED TO BE LABIDI'S EXTENSION FOR NO MORE THAN A YEAR AND THIS WAS APPROVED BY ACCLAMATION.

G. ANALYSIS OF VOTE: ARABS HAD CLEARLY DECIDED THAT, REGARDLESS OF APPEARANCES OF WANTING TO CONTROL AFDB, AFTER HAVING HAD FIRST TWO PRESIDENTS, THEY WOULD STOP AT NOTHING TO ELECT A THIRD, THE AGREEABLE BUT NOT VERY FORCEFUL S. M. OMEISH, LIBYAN VICE PRESIDENT OF THE BANK. BUT ARAB AND RELATED STATES HAD BARE ONE-THIRD OF VOTES. WELL IN ADVANCE OF MEETING THEY MUST HAVE LOBBIED AND (BY UNCONFIRMED BUT WIDESPREAD RUMORS) USED AID TO BUY SUPPORT. THUS, IN BALLOT, SIX BLACK AFRICANS JOINED WITH ARABS: GABON, GAMBIA, LIBERIA, RWANDA, UPPER VOLTA AND ZAIRE. ACCORDING TO GHANAIAANS, ZAIRE WAS OFFERED \$200 MILLION DOLLARS BY LIBYA, AND LIBERIA WAS ALSO OFFERED SUBSTANTIAL AMOUNT. NIGERIA'S ABSTENTION APPEARS TO HAVE BEEN OUT OF PIQUE THAT ITS CANDIDATE, AN "UNKNOWN" TO MOST OTHER DELEGATIONS, DID NOT GET THE BLACK AFRICAN NOD. DESPITE EXTENSIVE LOBBYING, NONE OF ABOVE COULD BE BROUGHT BACK INTO FOLD. MOVE TO RETAIN LABIDI MUST ALSO HAVE BEGUN EARLY AND HE WAS READY TO STAY ON, ALTHOUGH GENUINELY UNHAPPY ABOUT IT.

H. CONCLUSION. THIS WAS, HOWEVER, A TRUE "AFRICAN" SOLUTION". RATHER THAN BATTLE FURTHER IN HOPES OF SWAYING A FEW VOTES, THEY MADE COMPROMISE THAT NO ONE REALLY WANTED (EVEN THOUGH LABIDI HAS BEEN WELL REGARDED), RATHER THAN CREATE PERMANENT RIFT IN BANK.

ON OTHER HAND, SPLIT IN VOTE SHOWS TRUE PICTURE OF NORTH-SOUTH POWER POLITICS WITHIN AFRICA, INCLUDING CRITICAL BALANCE-HOLDING ROLE OF NIGERIA. ANOTHER WAY OF LOOKING AT SPLIT IS PETROLEUM STATES VS NON-PETROLEUM STATES, AND OPEC ALLEGIANCES MAY ALSO HAVE FIGURED IN OUTCOME.

8. BOARD OF DIRECTORS OF FUND: REPRESENTATIVES OF ITALY, NORWAY, UK, CANADA, WEST GERMANY AND JAPAN WILL REPRESENT THE NON-AFRICAN PARTICIPATING STATES.

9. COMMENT: IN THE GENERAL DISCUSSIONS TWO THEMES RECURRED ON THE PART OF BANK MEMBERS. FIRST, THERE WAS CLEAR LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 06 STATE 110069

ANXIETY CONCERNING ARAB ASSISTANCE TO AFRICA (IN THE CONTEXT AFRICA SOUTH OF THE SAHARA). THERE COULD BE DETECTED UNHAPPINESS WITH THE SMALL AMOUNT OF ASSISTANCE THE BLACK AFRICAN STATES HAVE SO FAR RECEIVED SINCE THE SHARP RISE IN PETROLEUM PRICES IN 1973-74, DESPITE THE POLITICAL SUPPORT GIVEN TO THE ARABS. THE STATEMENT TO THE BANK MEETING BY THE REPRESENTATIVE OF THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA WAS REVEALING IN DEMONSTRATING HOW LITTLE HAS BEEN OFFERED AND PROVIDED.

10. SECOND, THERE COULD BE SENSED A STRONG HOPE THAT STABILITY COULD BE BROUGHT TO WORLD PRICES PAID FOR OTHER AFRICAN RAW MATERIALS--COCOA, COFFEE, PEANUTS, COPPER, ETC. SO THAT THESE PRICES WOULD NOT BE FOREVER ON A ROLLER COASTER. THIS SENTIMENT FOUND ITS STRONGEST EXPRESSION IN THE STATEMENT OF THE SECRETARY GENERAL OF THE OAU WHO ARGUED FOR A "NEW ECONOMIC ORDER" IN WHICH THE DEVELOPING COUNTRIES WOULD NOT BE SUBJECT TO THE WHIMS OF THE INDUSTRIALIZED NATIONS OF EUROPE AND NORTH AMERICA (JAPAN WAS NOT MENTIONED, PROBABLY AN OVERSIGHT).

1. IN GENERAL, ONE HAD AN IMPRESSION OF FRUSTRATION. MOST OF THE BLACK AFRICAN COUNTRIES ARE CONFRONTED WITH SHARPLY HIGHER IMPORT PRICES FOR PETROLEUM, CERTAIN FOODSTUFFS AND INDUSTRIAL PRODUCTS WHILE THE PRICES OF WHAT THEY PRODUCE AND SELL IN WORLD MARKETS FLUCTUATE WIDELY, MOST RECENTLY DOWNWARD. IT IS PROBABLY SIGNIFICANT THAT ONE BLACK AFRICAN COUNTRY WHICH HAS BENEFITED FROM THE CHANGES IN THE PETROLEUM MARKET, NAMELY NIGERIA, DID NOT ECHO THEIR CONCERNS AND CONCENTRATED ON A REVIEW OF PURELY AFDB/AFDF PROBLEMS IN ITS FORMAL STATEMENT TO THE MEETING. ALL IN ALL, THE MEETING WAS ORDERLY AND EFFICIENTLY RUN. DELEGATES DEPARTED SATISFIED THAT THEY HAVE FAIRLY SMOOTH OPERATING BANK, WILLING TO CONTINUE TO RELY ON THEIR CURRENT PRESIDENT AND HOPEFUL THAT A YEAR'S TIME WILL PERMIT ORDERLY SELECTION OF A SUCCESSOR. AGGREY

UNQUOTE INGERSOLL

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, DEVELOPMENT BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE110069
Document Source: ADS
Document Unique ID: 00
Drafter: AF/EPS:RBDUNCAN:JG
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750168-0020
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505102/baaaajje.tel
Line Count: 274
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 18 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 AUG 2003 by CunninFX>; APPROVED <03 DEC 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EFIN, OCON, XA, AFDB, AFDF-AFRICAN DEVELOPMENT FUND
To: ALL AFRICAN DIPLOMATIC POSTS
XMT ABIDJAN
DAKAR
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006